

OFFICE OF THE DIRECTOR  
DEPARTMENT OF MOTOR VEHICLES  
P.O. BOX 932328  
SACRAMENTO, CA 94232-3280



## TITLE 13: DEPARTMENT OF MOTOR VEHICLES

### I. NOTICE IS HEREBY GIVEN

The Department of Motor Vehicles (department) proposes to amend sections 225.00, 225.03, 225.09, 225.12, 225.15, 225.30, 225.35, 225.39, and 225.42, in Article 3.6, Chapter 1, Division 1, Title 13 of the California Code of Regulations, relating to the Business Partner Automation (BPA) Program.

- **Public Hearing:** A public hearing regarding this proposed regulatory action is not scheduled. However, a public hearing will be held if any interested person or his or her duly authorized representative requests a public hearing to be held relevant to the proposed action by submitting a written request to the contact person identified in this notice no later than 5:00 p.m., fifteen (15) days prior to the close of the written comment period.
- **Deadline for Written Comments:** Any interested party or his or her duly authorized representative may submit written comments relevant to the proposed regulations to the contact person identified in this notice. All written comments must be received at the department no later than 5:00 p.m., January 2, 2017, the final day of the written comment period, in order for them to be considered by the department before it adopts the proposed regulation.
- **Authority and Reference:** The department proposes to adopt these regulations under the authority granted by Vehicle Code section 1651 and 1685 in order to implement, interpret, or make specific Vehicle Code section 1685.

### II. INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Vehicle code section 1685 authorizes the Department of Motor Vehicles (department) to enter into contracts with private industry business partners to facilitate electronic registration and titling transactions required for vehicles and vessels under the Vehicle Code. The department created the Business Partner Automation (BPA) program pursuant to the authority granted in Vehicle Code section 1685. The contracts are governed by the Public Contracting Code and regulations implementing that Code adopted by the Department of General Services. The department regulates non-contract aspects of the program to ensure department records remain accurate and to ensure the vehicle owning public experiences the convenience of electronic registration and titling transaction being completed without the need to visit a department field office. Upon completion of an application process, payment of fees and meeting specified financial responsibility requirements, the department issues a permit to business partners. The

program has grown to accommodate millions of registration and titling transactions per year securely and accurately.

Vehicle Code section 1685 creates three types of business partners. The statute recognizes a first-line business partner who may contract with the department directly to retrieve and submit electronic registration and titling information to the department for its own transactions. A first-line service provider interfaces directly with the department to retrieve and submit registration and titling information electronically, and to submit fees associated with those transactions electronically, on behalf of their customers. Third, the first-line service provider's customers are second-line business partners, such as vehicle dealers, dismantlers, salvage yards, etc, who submit registration and titling transactions to the first-line service provider for vehicle and vessel owners.

The department relies on contracts and permits to regulate these business partners as permitted by Vehicle Code section 1685. Regulations governing the contracting and permitting procedures have been in place for many years. As the industry grows, the department periodically needs to update regulations.

#### **Problems the Department Intends to Address Through These Proposals:**

The department has identified one main area in which a problem exists. The current BPA fee structure is not sufficient to allow the department to adequately recoup the costs associated with processing original or renewal applications. Vehicle Code section 1685 subdivision (b)(2)(A) requires the filing of an application and the payment of an application fee. Business partners currently pay a fee of \$324 for their principal place of business and a fee of \$130 for each site added with the application. The renewal application fee is \$198 for a principal place of business and there is no renewal fee for each site location. The department has found that, at the time of original application, business partners with several sites are paying a site fee that does not adequately cover the costs to the department for processing each site application. Further, the department is recovering no costs associated with the site renewal. This proposed action will adjust fees in an amount sufficient to cover the costs of the application review process.

#### **Effect of the Proposed Rulemaking:**

The proposed amendments will ensure that fees cover the costs of permit applications and to ensure that fingerprinting is conducted cost effectively for both the owner and employee applicants and the department.

#### **Anticipated Benefits and Broad Objectives of the Proposals:**

These changes create the benefit of adjusting costs so the department recoups expenses associated with issuing permits, and eliminating unnecessary fingerprint submissions and the expenses associated with that activity. These adjustments help maintain a successful program that provides rapid registration services to the vehicle purchasing community conveniently and accurately. Other changes correct typographical or grammatical errors in the regulations.

Specific changes are as follows:

Amended Section 225.00

The definition of the term “BPA permit” or “permit” is revised. The essential contents of the adopted permit form are included in the new definition, and the form itself is no longer adopted into the regulation. This change does not have a regulatory effect.

Amended Section 225.03

The application fee for an original permit is reduced from \$324 to \$305 for a principal place of business, and is increased from \$130 to \$232 for a site.

Amended Section 225.09

The bond form version date is changed to reflect an updated bond form is used. The updates remove discrepancies between the earlier version and the current regulations. This change does not have a regulatory effect.

Amended Section 225.12

Remove version date so that the current version of STD 213 adopted by Department of General Services is the required form. This change does not have regulatory effect.

Amended Section 225.15

Changes without regulatory effect conform the reference to the BPA permit to the revised definition in section 225.00 and remove reference to a repealed section of the Government Code.

Amended Section 225.30

Change without regulatory effect corrects the name of a form.

Amended Section 225.35

The renewal application fee is reduced from \$198 to \$144 for a principal place of business, and a fee of \$134 is added for a site. Revision of existing language regarding the renewal application due date without regulatory effect.

Amended Section 225.39

Grammatical corrections are made to clarify the first-line service provider has a continuing duty to implement and maintain the required policies and practices. These are required by contract and for permit renewal, but the duty is made explicit. Other grammatical changes are made. These are all non-substantive changes.

Amended Section 225.42

The permit application fee for adding a site location is increased from \$175 to \$232.

**Additional Determinations:**

- **Consistency and Compatibility with State Regulations:** The department conducted a review of other regulations and concludes that no other regulations adjust BPA fees, establish fingerprint requirement for BPAs, or any other change in these proposals.
- **Comparable Federal Statutes or Regulations:** There are no comparable federal statutes or regulations.
- **Documents Incorporated by Reference:** None.
- **Federal Law or Regulation Mandate:** These regulations are not mandated by federal law or regulations.
- **Local Agency/School District Mandate:** The proposed regulatory action will not impose a mandate on local agencies or school districts, or a mandate that requires reimbursement pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code.

**III. IMPACT ASSESSMENTS**

**Economic and Fiscal Impact Determinations:**

The department has made the following initial determinations concerning the proposed regulatory action:

- **Cost or Savings to Any State Agency:** None.
- **Other Non-Discretionary Cost or Savings to Local Agencies:** None.
- **Costs or Savings in Federal Funding to the State:** None.
- **Effects on Housing Costs:** None.
- **Impacts Directly Affecting Businesses:** The proposed regulations are not anticipated to have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states. The fee increase is less than \$200 per 3-year-period, on average, for participants with site locations.

- **Cost Impact on Representative Private Persons or Businesses:** The department is aware of the following cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action: Business partners with site locations may pay additional annual application/permit fees if the reduced fee for the principal location application does not offset the site increase. Participants with only a principle place of business permit will realize a savings.
- **Small Business Impact:** This proposed regulation will have a positive economic or fiscal impact on small business second-line business partners because of a reduction in the application fees for original and renewal applications for a principal place of business without sites in the BPA program.

#### **Results of the Economic Impact Statement:**

The department has made the following determinations when assessing the economic impact associated with this proposed regulation:

- **Creation or elimination of jobs or creation of new businesses or elimination of existing businesses within the State of California:** As these proposed regulations establish a readjustment of administrative fees, the department has determined that this proposed action will neither create nor eliminate jobs within the State of California, nor will the proposal create new businesses or eliminate existing businesses within California.
- **The Expansion of Businesses Currently Doing Business Within the State of California:** These regulations are unlikely to expand businesses within the State of California.
- **Benefits of the Regulations to the Health and Welfare of California Residents, Worker Safety, and the State's Environment:** This proposed action will continue to positively impact the health and welfare of California residents by ensuring the fewest number of unregistered vehicles are operated on California roadways.

#### **IV. ADDITIONAL INFORMATION**

- **Public Discussion of Proposed Regulations:** A pre-notice workshop, pursuant to Government Code section 11346.45, is not required because the issues addressed in the proposal are not so complex or large in number that they cannot easily be reviewed during the comment period.

- **Alternatives Considered:** The department must determine that no reasonable alternative considered by the department or that has otherwise been identified and brought to the attention of the department would be more effective in carrying out the purpose for which the action is proposed, or would be effective as and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law.
- **Contact Person:** Any inquiries or comments concerning the proposed rulemaking action may be addressed to:

Tracy Brazil, Regulations Analyst  
Department of Motor Vehicles  
Legal Affairs Division  
P.O. Box 932382, MS C-244  
Sacramento, CA 94232-3820

Any inquiries or comments concerning the proposed rulemaking action requiring more immediate response may use:

Telephone: (916) 657-8919  
Facsimile: (916) 657-6243  
E-Mail: [LADRegulations@dmv.ca.gov](mailto:LADRegulations@dmv.ca.gov)

In the event the contact person is unavailable, inquiries should be directed to the following back-up person:

Randi Calkins, Regulations Analyst  
Department of Motor Vehicles  
Telephone: (916) 657-6469

- **Availability of Statement of Reasons and Text of Proposed Regulations:** The department has prepared an Initial Statement of Reasons for the proposed regulatory action, and has available all the information upon which the proposal is based. The contact person identified in this notice shall make available to the public upon request the Express Terms of the proposed regulatory action using underline or italics to indicate additions to, and strikeout to indicate deletions from the California Code of Regulations.

The contact person identified in this notice shall also make available to the public, upon request, the Final Statement of Reasons and the location of public records, including reports, documentation and other materials related to the proposed action. In addition, the above-cited materials (the Notice of Proposed Regulatory Action, the Initial Statement of Reasons, the revised handbook and Express Terms) may be accessed at [www.dmv.ca.gov/about/lad/regactions.htm](http://www.dmv.ca.gov/about/lad/regactions.htm).

- **Availability of Modified Text:** Following the written comment period, and the hearing if one is held, the department may adopt the proposed regulations substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the fully modified text, with changes clearly indicated, shall be made available to the public for at least 15 days prior to the date on which the department adopts the resulting regulations. Request for copies of any modified regulations should be addressed to the department contact person identified in this notice. The department will accept written comments on the modified regulations for 15 days after the date on which they are first made available to the public.